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Phone: (215) 665-3000

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

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In re: RANDALL’S ISLAND FAMILY	:	
GOLF CENTERS, INC.	:	
	:	Chapter 11
	:	Case No. 00-41065 (SMB)
	:	(jointly administered with
	:	case nos. 00-41066 through
	:	00-41196)

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ORDER SUSTAINING OBJECTIONS OF FIRST REPUBLIC BANK TO THE RELATED DEBTORS' MOTION TO APPROVE BIDDING PROCEDURES

The matter having been opened to the court by the Motion of the Related Debtors for authority to: approve certain bidding procedures with respect to the sale of certain fee properties and leases, and the objections filed by First Republic Bank (“FRB”), and the Court being further satisfied that the bidding procedures (the “Procedures”) are inconsistent with the agreement made between FRB and the other non-primed lenders, it is

ORDERED that the Motion is in all respect DENIED, it is further

ORDERED that the Related Debtors shall amend the Procedures to permit the credit bid of the full amount of FRB's and the other non-primed lenders claims, that the Related Debtors shall delete the requirement of sealed bids prior to the auction for FRB and the non-primed lenders, that the formula shall be deleted as to credit bids from the non-primed lenders including FRB, it is further

ORDERED that the credit bid rights of FRB and the non-primed lenders in the personal property to be sold shall be preserved; it is further

ORDERED that the break-up fee is not approved as part of this sale; it is further

ORDERED that the overbid provisions are deleted from the bidding procedures.

Dated:

Stuart M. Bernstein
United States Bankruptcy Judge

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**OBJECTIONS OF FIRST REPUBLIC BANK TO THE RELATED DEBTORS'
MOTION SEEKING APPROVAL OF THE RELATED DEBTORS' BIDDING
PROCEDURES FOR THE AUCTION OF THE RELATED DEBTORS' PROPERTY**

First Republic Bank, (“FRB”) by and through its undersigned counsel, Obermayer
Rebmann Maxwell and Hippel LLP hereby objects to the Related Debtors’ Motion to Approve
Bidding Procedures. In opposition to the relief requested in the Motion, FRB respectfully
represents as follows:

BACKGROUND

1. FRB is a secured creditor of the Debtor subsidiary known as the Voorhees Family Golf Centers, Inc. (“VFGC”), a golf center located on Route 73, in Camden County, New Jersey (hereinafter the “Facility”). VFGC became obligated to FRB pursuant to a certain Assumption Agreement dated October 12, 1998 (the “Assumption Agreement”) wherein VFGC assumed all obligations of Stafford FamilyPark Partners, LP, the former owner of the Facility.

2. Pursuant to a certain Note, Mortgage and Security Agreement dated March 15, 1996, and recorded in Mortgage Book 4492, page 389 in the Camden County Clerk's office (the "First Mortgage"), FRB holds a duly perfected, valid and enforceable first mortgage on the Facility. Pursuant to a certain Assignment of Rents and Leases, Financing Statement and UCC-1 filings, FRB possesses a first priority lien on the revenues generated at the Facility, including, but not limited to, the concessions, pro shop and other fees generated in the course of the VFGC's business. VFGC is also obligated to FRB pursuant to the Assumption Agreement on a certain Note (the "First Note") in the principal amount of \$2,000,000.00. At present VFGC is indebted to FRB on account of the First Note and First Mortgage in the total principal amount of \$2,000,000.00.

3. Pursuant to a certain Note, Mortgage and Security Agreement dated November 6, 1996, FRB holds a duly perfected, valid and enforceable second mortgage on the Facility (the "Second Mortgage"). Pursuant to a certain Assignment of Rents and Leases, Financing Statement and UCC-1 filings, FRB possesses a second priority lien on the revenues generated at the Facility, including, but not limited to, the concessions, pro shop and other fees generated in the course of the VFGC's business. VFGC is also liable to FRB pursuant to the Assumption Agreement on a Note (the "Second Note") in the principal amount of \$250,000.00.

4. The obligations under the First Note and Second Note are cross-collateralized and cross defaulted with each other, as are the obligations under the First and Second Mortgage.

5. Pursuant to a certain Surety Agreement dated October 12, 1998, Family Golf Centers' Inc. ("FGCI") executed a certain Suretyship Agreement wherein it acknowledged the benefits provided by the FRB financing and further agreed to become surety for the obligations of VFGC to FRB.

6. The principal balance of the First Note and Second Note, are approximately 2,000,000.00 and \$250,000.00 respectively, without current interest and attorneys fees and costs to date.

PROCEDURAL BACKGROUND

7. On May 4, 2000 the Court entered an Order for relief under Chapter 11.

8. This court is jointly administering Voorhees' case with the cases of the related debtors (the "Related Debtors"). The proceedings have not however, been substantively consolidated.

9. This court approved amendments to the Related Debtors' Post-petition DIP financing agreement authorizing the Related Debtors to incur \$3.6 million in additional financing in order to complete a sale of all of the Related Debtors' assets. The approval followed the denial of the Related Debtors' motion for authority to enter into the amendments after a full hearing before the court. The non-primed lenders made concession in order to permit the Related Debtors to complete the amendments and approve the further financing.

10. A settlement with the Related Debtors was placed upon the record clarifying the manner in which the non-primed lenders, including FRB would be treated in any sale, it being the position that the non-primed lenders could just as easily dispose of their collateral.

THE MOTION AND FRB'S OBJECTIONS

11. The Related Debtors are by the current Motion intending to approve certain bidding procedures requested in the context of their decision to liquidate the Related Debtors' assets, presumably at the request of Chase and the Bank Group. To that end, the Related Debtors have filed a Motion to approve the Procedures.

12. As a non-primed lender, FRB objects to the sale of its collateral pursuant to the Procedures set forth in the Motion. FRB disagrees that the sale of the Facility pursuant to the Procedures generates the highest and best price for the liquidation of the Related Debtors' assets.

13. The Procedures do not comply with the settlement set forth on the record with the court. The Procedures call for the non-primed lenders to be foreclosed from credit bidding if they do not comply with a formulas agreed to by Chase and the Debtors. FRB objects to this formula and to any formula which it does not negotiate itself.

14. The Procedures call for a sealed bid in advance of the auction – even if the bid is a credit bid. Secured creditors should be in a position to treat the sale much the same as a foreclosure sale, wherein secured creditors can bid after the receipt of bids from purchasers. As agreed, if there is no bid, and no credit bid, the property is to be abandoned over to the secured creditor.

15. The Procedures violate 363 (k) by preventing a meaningful credit bid, forcing secured creditors to set the bar for the sales of the individual components making up the Related Debtor's assets. This portion of the Procedures permits a simple "overbid" rather than allowing purchasers to set the high bid.

16. The Procedures permit bids of FRB's claim only in an amount agreed to between the Debtors and Chase. The bid of any secured creditor, as required by law, should be the total of its claim, including both the secured and unsecured components, if any. Moreover, any overbid should be determined by the bidder, or the secured creditor as applicable – not the Debtors.

17. FRB objects to the break-up fee as excessive and improper. There is no demonstration that the break-up fee is any way related to any damages suffered by the

unsuccessful bidder. FRB objects to the proceeds of the sale of its collateral being used to fund the payment of a break-up fee, particularly if FRB credit bids.

18. Finally, there is no provision excluding credit bid properties from the sale commission provisions. As agreed, if a secured creditor bids its claim, the Debtor is to absorb any commissions.

WHEREFORE, FRB prays this court enter an order denying the Motion, or alternatively requiring the Debtor to amend the bidding procedures consistent with the Objections of FRB.

Date: _____

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CERTIFICATE OF SERVICE

I Edmond M. George, Esquire hereby certify that on January 18, 2001 a copy of the attached Objections Of First Republic Bank To The Related Debtors' Motion to Approve Bidding Procedures was served upon the parties on the attached list by Telefax as indicated.

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SERVICE LIST

VIA TELEFAX

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